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ABSTRACT

Intended for day care providers in Kentucky, this publication contains sample forms and guidelines for filling out the forms required by the Division of School Food Services of the Kentucky Department of Education. Topics covered include allowable expenditures during the month, program income, records, auditing, reimbursement for sponsors of child care centers and outside-school-hours centers, computing monthly costs, suggestions for taking inventory, crucial areas to be recorded, sponsoring organizations/family day care homes, and definitions. Regulations for calculating expenditures and supporting expenses and receipts for state reporting requirements are included for each of these program areas, and sample filled-out forms are provided. (KC)

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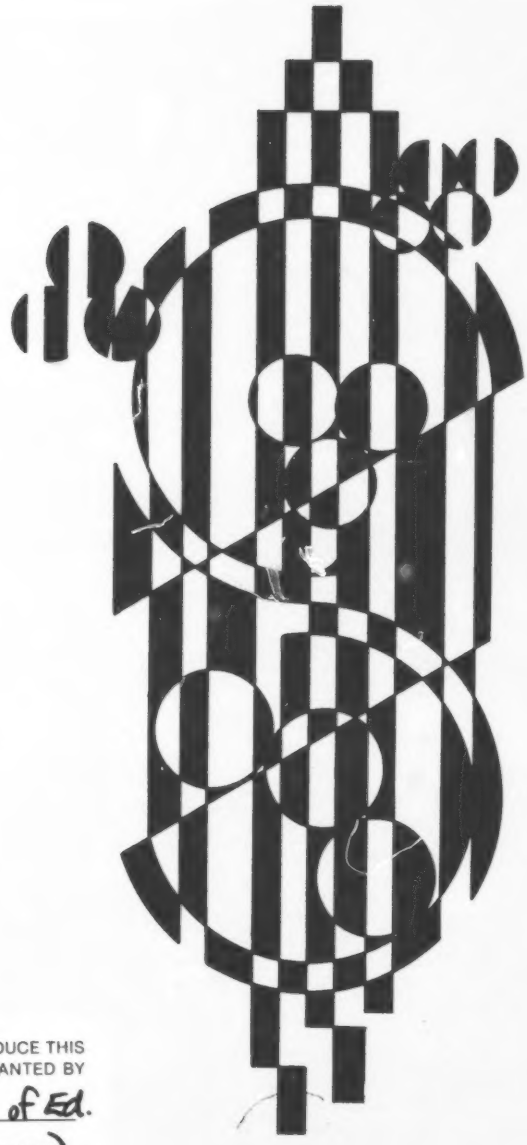
Financial Management Guide

Child Care Food Program



Division of School Food Services
Kentucky Department of Education

Fiscal Year 1982

CE030307

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FINANCIAL MANAGEMENT GUIDE
FOR
THE CHILD CARE FOOD PROGRAM

Failure to mention a particular item of cost is not intended to imply that it is either allowable or not allowable. Sponsoring organizations should contact the State Agency regarding any cost item not addressed in this guide.

ALLOWABLE EXPENDITURES DURING THE MONTH

1. Cost of Food and Milk Used
2. Direct Labor Costs for Food Service
3. Cost of Nonfood Supplies
4. Purchased Services
5. Depreciation of Nonexpendable Equipment
6. Program Administrative Costs

(1)

Cost of Food and Milk Used

Cost of food and milk used is, in its simplest form, beginning inventory plus food received less ending inventory.

Allowable	Not Allowable
1. Cost of obtaining food and milk includes, in addition to the price of purchased food, costs of processing, distributing, transporting, storing and handling both purchased and donated food and milk.	1. Value of donated foods 2. Cost of food lost as a result of fire, water, spoilage or other contamination in excess of $100.

Minimum Records that Support Cost of Food & Milk Used

1. Invoices, bills, receipts (See Exhibit A for documenting cash register tapes)
2. Food inventory records
3. Documentation for costs of transporting, distributing, storing, and handling of purchased and donated foods
4. Billings from the food management company or school (reported as cost of food used)
5. Records of cash discounts and other credits when they are not shown on purchase invoices
6. Menu and Production Records (See Exhibit B)

(2)

Direct Labor Cost

Direct Labor Cost is limited to wages and fringe benefits paid by sponsor to employees directly involved with food service program.

Allowable	Not Allowable
1. Wages paid for preparing food	1. Administrative labor
2. Wages paid for serving food	2. Donated labor
3. Wages paid for personnel supervising children when they are being served meals or are consuming meals	3. Wages paid from source other than sponsoring organization
4. Wages paid for on-site preparation of records required for the food program	
5.	

Minimum Records that Support Direct Labor Costs

1. Payroll records (bank statements, canceled checks, checkbook, etc.)
2. Time and Attendance reports - maintain daily log at beginning of program to establish average amount of time spent on food program when employee has other duties.

(3)

Cost of Nonfood Supplies and Expendable Equipment

Nonfood supplies are those necessary for food service program. These should be reported during the month they are received by the institution.

Allowable	Not Allowable
1. Paper goods (napkins, straws, cups, etc.)	1. Any donated supplies
2. Clean-up supplies	2. Equipment costing in excess of $300 per unit
3. Expendable equipment (cost less than $300 per unit)	

Minimum Records that Support Nonfood Supplies and Expendable Equipment

1. Invoices, bills, receipts, etc.

(4)

Purchased Services

Purchased services are costs of services other than labor that are required to operate a food service.

Allowable

1. Rental of food service preparation facilities and food service equipment
2. Cost of repair to food service equipment, limited to normal maintenance
3. Rental cost of space for the food program in a privately owned building when procured in compliance with prevailing bid procedure.
4. Utilities cost (gas, electric, water) clearly related to food service operation. If not on a separate meter, may be calculated by the following method:

   $$\frac{\text{sq. footage of food service area}}{\text{total sq. feet of facility}} = _____\%$$

   This percentage may be applied to total utility bills to determine allowable cost.

Not Allowable

1. Cost of purchasing or altering land or buildings
2. Rental of equipment or facilities with an option to buy at later date
3. Rental fees for facilities or equipment which exceed the fees of comparable equipment or facilities in the same locality.

Minimum Records that Support Purchased Services

1. Source documents (invoices, bills, receipts for rentals or repairs, etc.)
2. Utility bills for month reported

(5)

Depreciation of Nonexpendable Equipment

Nonexpendable equipment is equipment having a per unit value of more than $300.

Allowable

1. Equipment used in preparing food
2. Equipment used in storing food
3. Equipment used in transporting food
4. Equipment used in serving food
5. Equipment under 12 years old
6. Equipment currently in use

Not Allowable

1. Equipment over 12 years old
2. Equipment in storage and not in use
3. Expendable equipment

Depreciation of nonexpendable equipment, expressed as a monthly dollar figure calculated with a USDA approved factor, is an allowable cost; however, sponsors are reminded that this goes into total operating costs which may not exceed maximum reimbursement.

PRIOR APPROVAL BY THE STATE AGENCY IS REQUIRED IN ORDER TO CLAIM DEPRECIATION.

(6)

Program Administrative Costs

Program Administrative Costs include expenditures, incurred by an institution, which relate to planning, organizing and managing a food service program.

Allowable

1. Planning activities include:
   a. conducting pre-approval visits to sites;
   b. drawing up a food service management plan that includes a budget and a staffing plan;
   c. other activities involved in planning the food program.

2. Organizing activities include:
   a. hiring and training of administrative personnel and on-site employees with regard to food program duties and responsibilities;
   b. procuring facilities and equipment to meet both operational and administrative needs;
   c. negotiating contracts with School Food Service or food service management companies, or purchasing activities.

3. Managing activities include:
   a. salaries (including fringe benefits) of administrative personnel necessary to support administrative activities, but not personnel who perform daily on-site supervision;
   b. conducting reviews of food service operations to assess compliance with food program requirements.

Not Allowable

1. Volunteer personnel
2. Administrative personnel not paid by sponsor
3. Any allowable direct labor cost

C

Mileage and the prorated portion of salaries (including fringe benefits) for performing the above duties are allowable administrative costs under the food service program.

4. Other management costs include:
   a. rental of office space and office equipment for administrative activities;
   b. purchase of office supplies used for program purposes;
   c. printing necessary for food program needs;
   d. communications relating to the food program (postage, telephone, etc.)
   e. with State Agency approval, the costs related to advertising, audit, bonding, insurance, procurement, data processing, and any legal expenses required in the administration of the food program.

Minimum Records that Support Administrative Costs

1. Payroll records (bank statements, canceled checks, checkbook, etc.)
2. Time and attendance reports - maintain daily log at beginning of program to establish average amount of time spent on food program when employee has other duties.
3. Mileage documentation
4. Rental agreements and invoices for office equipment or office space
5. Invoices and canceled checks for any costs claimed

PROGRAM INCOME

1. Program income applies to income received by a sponsoring organization and specifically designated to be used in the food service program.

   Such earnings might include:
   a. cash collected from the sale of meals
   b. cash donations received by an institution which are specified by the donor to be used for the support of the food service operation or its administration
   c. any Federal, State, or local funds received and restricted to food service costs.

2. Documentation of Program Income
   a. maintain auditable accounting records of all program income received
   b. report income to the State Agency as specified on the Report and Claim for Reimbursement

MONEY LENT RATHER THAN PERMANENTLY TRANSFERRED TO THE FOOD PROGRAM IS NOT REPORTED AS INCOME.

RECORDS

Required Records to be kept by Sponsors of child care centers and outside-school-hours care centers:

1. copies of all documents approved by the State Agency
2. family-size and income information
3. list of enrolled children at each center
4. daily number of children in attendance
5. number of meals, by type, served to enrolled children and adults
6. all records to document costs claimed and income to program
7. copies of all claims for reimbursement submitted to the State Agency
8. record of reimbursement received from the State Agency
9. copies of menus
10. documentation of pre-approval visits and center reviews
11. documentation of training sessions including dates, location, topics presented, and names of participants

Required Records to be kept at Center:

1. family-size and income applications
2. enrollment card for each child (including drop-ins)
3. daily number of children in attendance
4. Record of Meals Served (Form 17-9)
5. Menu and Production Records
6. license status
7. all records to document costs (ledgers, daily log, receipts, etc.)

Other Required Records, if applicable to your program:

1. agreement with schools to furnish meals
2. contract with vendor
3. bid procedures used
4. audit reports
5. documentation to support depreciation cost including an item description, original cost and date of installation

AUDIT

In compliance with Part 226.9 of Federal Regulations governing the Child Care Food Program,

> "The State Agency shall provide for audits at the State and institution levels of program funds, payments and operations. Such audits shall be conducted at least once every 2 years for each institution (child care center, outside-school-hours center, family day care home).

Upon request, sponsors shall make all accounts and records pertaining to the Program available to the General Accounting Office, U. S. Department of Agriculture, and the State Agency for audit or administrative review at a reasonable time and place. If audit findings have not been resolved, the records shall be retained beyond the three year period as required for the resolution of the issues raised by the audit.

REIMBURSEMENT FOR SPONSORS OF CHILD CARE CENTERS AND OUTSIDE-SCHOOL-HOURS CENTERS

A. Reimbursement Methods

Regulations provide sponsors the option to select one of two methods of reimbursement for the period October 1, 1981 - December 31, 1981. Effective January 1, 1982, the tiering method of reimbursement will be eliminated. Beginning with the January 1982 claim for reimbursement all Child Care sponsors will be reimbursed according to claiming percentages.

The two methods of reimbursement are defined below:

1. Claiming Percentages Method

   Claiming percentages means the ratio of the number of enrolled children in an institution in each reimbursement category (free, reduced price, paid) to the total number of enrolled children. Claiming percentages are applied to the total number of meals of each type served and multiplied by the assigned rate for each meal type.

2. Tiering Method

   This method of reimbursement is based on the tier determined by the ratio of children eligible for free and reduced price meals to total membership as reported on each months claim for reimbursement.

   Tier 1 - means "no less than two-thirds of the enrolled children are eligible for free and reduced price meals." Maximum reimbursement will be calculated at the free rate for all meals served to children.

   Tier 2 - means "less than two-thirds but not less than one-third of the enrolled children are eligible for free and reduced price meals." Maximum reimbursement will be calculated at the reduced price rate for all meals served to children.

   Tier 3 - means "less than one-third of the enrolled children are eligible for free and reduced price meals. Maximum reimbursement will be calculated at the paid rate for all meals served to children.

In order to determine the method most advantageous to your program, sponsors should analyze membership and classification of children eligible for free and reduced price meals. Under the tiering method, changes in membership and classification of children can dramatically affect monthly reimbursement due to a change in tier classification.

B. Rates of Reimbursement

Reimbursement rates beginning September 1, 1981 will be:

	9/1/81 - 12/31/81	1/1/82 - 6/30/82
Free Breakfast	.5700	.5700
Reduced Price Breakfast	.2850	.2850
Paid Breakfast	.0825	.0825
Free Lunch/Supper	1.2025	1.2025
Reduced Price Lunch/Supper	.8025	.8025
Paid Lunch/Supper	.2150	.2150
Free Supplement	.3050	.3000
Reduced Price Supplement	.2225	.1500
Paid Supplement	.0550	.0275

The rates for lunch and supper include .11 for cash in lieu of commodities.

TOTAL REIMBURSEMENT FOR MEALS TO AN INSTITUTION SHALL NOT EXCEED TOTAL OPERATING COST OF FOOD SERVICE LESS CASH INCOME TO THE FOOD SERVICE, OR RATES TIMES THE NUMBER OF MEALS BY TYPE, WHICHEVER IS LESSER.

C. Meal Limitation and Reimbursement

Meals reported for reimbursement shall be limited to:

1. Not more than two meals and one supplement per child per day;

2. Meals served to children 12 years of age and under, with the exception of children of migrant workers the age limit is 15 years and for handicapped children there is no age limit.

D. Income Classification

Sponsoring organizations must secure family-size and income information for each enrolled child for the new fiscal year beginning Oct. 1, 1981. Family-size and income data must include all of the items on the Sample Income Eligibility Application. If sponsors choose to devise their own form, all information contained on the application must be included. Applications must be classified according to the new Secretary's Guidelines dated September 1, 1981 - June 30, 1982.

The following information is reported on the monthly Report and Claim for reimbursement:

1. The number of enrolled children from families meeting the state's family-size and income standards for FREE school meals.

2. The number of enrolled children from families meeting the state's family-size and income standards for REDUCED PRICE school meals.

3. The number of enrolled children from families with income exceeding the state's family-size and income standards for reduced price school meals.

Keep in mind that the rate levels are to be determined and reported on the monthly claim form even though no separate charge is made for meals.

Institutions desiring not to collect complete family-size and income information on children may elect to report all enrolled children under the paid category. Reimbursement may not, however, exceed the lesser of the rates assigned for meals in the paid category or the operating cost of the institution's food service less cash income to the food service program.

Please note the three levels of reimbursement for the categories of children according to the different economic levels of the parents. This does not imply that some children are to actually pay for meals, others to pay partially, and still others to pay nothing. What this does mean, however, is that all children are to be categorized according to one of the three levels. The decision as to whether children pay extra for meals is a matter for administrators of each program to decide.

D. Advance Payments

Regulations governing the Child Care Food Program provide for advance payments to participating institutions. "Advance payments" means financial assistance made available to an institution for its program cost prior to the month in which such costs will be incurred. The intent of this provision is to improve cash-flow benefits to sponsors.

Advance payments will be available October 1, 1981 and November 1, 1981 to those sponsors who request such payments by September 15, 1981.

Sponsors have the option to receive (1) no advance payments, (2) partial (50%) advance payments, or (3) full advance payments. (See Item 10 on Application for Participation, Form 17-1.)

October and November advance payments will be recovered gradually during the last quarter of FY'82. If advance funds are left unrecovered after the September 1982 claim has been processed, the sponsor is then placed in the position of refunding any over-advance payment to the State Agency.

COMPUTING MONTHLY COST OF FOOD AND MILK USED

In order to comply with federal regulations regarding proper reporting of operating costs, it is necessary that program sponsors take a monthly inventory of purchased food and milk.*

Below are the steps necessary in determining the cost of purchased food used:

1. Use invoice to determine unit cost of food.

   For example:

   Invoice states green beans delivered cost $54.

   You know that green beans come in a case of 6 #10 cans and that you received 5 cases. Therefore, 1 case must cost:

   $54 ÷ 5 = $10.80 per case

   Since there are 6 cans per case, then 1 can must cost:

   $10.80 ÷ 6 = $1.80 per can (1 unit)

   Therefore, on the inventory you would enter green beans as having a unit cost of $1.80.

2. Take a cost inventory of food and milk on hand the last day of each month. When taking this monthly inventory, you need not inventory fresh produce or such supplies as salt, pepper and other food additives. These will be accounted for as a direct cost at the time of purchase.

   The Ending Inventory becomes the Beginning Inventory for the next month.

3. Include other cost of food used. Food used may include the cost of processing, distributing, transporting, storing, or handling any food purchased for or donated to your program.

4. Direct cost all open units - <u>do not inventory</u>.

*Small sponsors who pay for food and milk as they obtain it and maintain no appreciable amount of food inventory should report monthly food and milk cost as food and milk used during the month.

SUGGESTIONS FOR TAKING INVENTORY

It is imperative that you calculate dollar value of food and milk used during reporting period by using the following formula:

Beginning Inventory + Purchases - Ending Inventory = Food & Milk Used

KEEP STORAGE ROOM ORGANIZED

DIRECT COST OPEN UNITS

DIRECT COST - Do Not Inventory:

CONDIMENTS AND SPICES

FRESH PRODUCE

MARK ALL ITEMS RECEIVED WITH BOTH DATE AND PRICE

USE FOOD ON A FIRST-IN, FIRST-OUT BASIS

INVENTORY WALK-IN FREEZER STOCK ON DAILY OR MONTHLY BASIS

ASSIGN INVENTORY RESPONSIBILITY

BE CONSISTENT

Ending Inventory of prior month becomes Beginning Inventory for the next month.

EXAMPLE

MONTHLY INVENTORY OF PURCHASED FOOD AND MILK

Unit	Quan.	Item	Unit Cost	Total Cost	Unit	Quan.	Item	Unit Cost	Total Cost
½ pt.	48	Milk	.10	4.80					
5 lb.	6	Cheese	5.35	32.10					
#10 c	2	Green Beans	1.80	3.60					
5 lb.	2	Hamburger	6.50	13.00					
							Value of Ending Inventory		$53.50

Beginning month inventory	$ 71.50
All food & milk purchased this month	$ + 883.00
Other costs of obtaining food . .	$ + 20.00
Credits or inventory adjustments, if applicable	$ -
Total food available	$ 974.50
Value of ending inventory	$ - 53.50
Food & Milk USED during month . .	$ 921.00

SECTION 17
Form 17-8
Revised 9/81

CHILD CARE FOOD PROGRAM
Kentucky Department of Education
Division of School Food Services

Make one entry per month per vendor or employee as far as is practical.

RECORD OF FOOD PROGRAM EXPENDITURES FOR THIS MONTH

SPONSORING ORGANIZATION Jack & Jill Day Care Ctr CENTER OR UNIT Same

CODE NUMBER 037 Z40 999 FOR MONTH OF October 19 81

DATE	PURCHASES (Name of Vendor)	INVOICE NUMBER	FOOD	PROGRAM LABOR	COST OF NON-FOOD SUPPLIES AND EXPENDABLE KITCHEN EQUIP.	DEPRECIATION OF NON-EXPENDABLE EQUIPMENT	PURCHASED SERVICES	PROGRAM ADMINISTRATIVE COSTS	TOTAL EXPENDITURES
10/5	Gran Refrigeration	50328					25 00		25 00
10/6	Deans Dairy	68321	200 00						200 00
10/16	Louisville Grocery	C-087	683 00		80 00		-		763 00
10/26	Bill H Lite			61 60					61 60
10/26	Sarah Jones			448 00					448 00
10/26	Betty Brown			92 40					92 40
10/26	Martha Roberts			92 40					92 40
10/26	Jane Smith							110 00	110 00
10/26	JoAnne Burton							30 80	30 80
10/30	Jane Smith	289						12 00	12 00
10/30	Central Ky. Utilities						100 00		100 00
10/30	Sara Jones (mileage & gals of fuel)	290	20 00						20 00
TOTAL EXPENDITURES			$ 903 00	$ 694 40	$ 80 00	$	$ 125 00	$ 152 80	$ 1955 20

KDE/MIC Approved
7300-481 Rev 9/81

SECTION I/
Form I/-da

RECORD OF INCOME TO FOOD PROGRAM
(CHILD CARE FOOD PROGRAM)

CENTER Jack & Jill Child Care Center CODE NUMBER 037 240 999

ADDRESS 1206 Seventh St. PHONE 502 (Area Code) 274-5631 (Local Number)

SPONSORING ORGANIZATION Jack & Jill CCC MONTH October, 1981

DATE	DO NOT report on Report & Claim for Reimbursement		Report any monies received in these catagories on Report & Claim for Reimbursement			
	FEDERAL REIMBURSEMENT	MONIES RECEIVED FROM SALE OF MEALS TO OTHER ADULTS	CHILDREN'S PAYMENTS (if any)	PROGRAM ADULT PAYMENTS (if any)	FEDERAL MONIES USED TO PAY FOOD PROGRAM COSTS	OTHER MONIES FROM STATE AND LOCAL SOURCES USED TO PAY FOOD PROGRAM COSTS
1						
2		$1.00				
3						
4						
5						
6	$1762 (aug)					
7		2.00				
8						
9		1.00				
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
TOTAL	$1762.00	$4.00				

Mileage Record

Name Jane Smith

Date	Odometer Reading Start	Odometer Reading Stop	Number of Miles	Itinerary
Oct 9	35,298	35,373	75	Training Program

SECTION 17

SAMPLE

EXPENDITURES FOR ADMINISTRATIVE COSTS FOR FOOD PROGRAM

DATE Oct. 1981

NAME OF SPONSOR Jack & Jill Child Care Ctr.

Position	No. of People in that Position		Salary		No. of Hours		Total
Director	1	X	5.00	X	22	=	$ 110.00
Secretary	1	X	3.85	X	8	=	30.80
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	

Salary Total	1.	$ 140.80
Value of Mileage for program administration	2.	12.00
Rental of Office Equipment	3.	
Rental of Office Space	4.	
Value of Office Supplies for program administration	5.	
Value of telephone used for program administration	6.	
TOTAL		$ 152.80

Jane Smith

Signature and title of person preparing report

THE ABOVE ARE COMPILED FROM SUPPORT DOCUMENTS FOR SIMPLIFICATION IN MAKING ONE ENTRY ON THE CLAIM FOR REIMBURSEMENT.

SECTION 17
Form 17-9
Revised 9/81

RECORD OF MEALS SERVED
(CHILD CARE FOOD PROGRAM)

NAME OF CENTER Jack & Jill Child Care Center CODE NUMBER 037 Z40 999

ADDRESS 1206 Seventh St PHONE 502 (Area Code) 274-5631 (Local Number)

SPONSORING ORGANIZATION _____ MONTH October, 19 81

CHECK ONE

☑ CHILD CARE CENTER ☐ OUTSIDE-SCHOOL-HOURS CENTER

DATE	NUMBER OF MEALS BY TYPE SERVED TO CHILDREN ONLY					NUMBER OF MEALS BY TYPE SERVED TO ADULTS WORKING IN PROGRAM ONLY					NUMBER OF MEALS BY TYPE SERVED TO ALL OTHER ADULTS ONLY				
	BREAKFAST	LUNCH	SUPPER	BETWEEN MEAL SUPPLEMENTS a.m.	p.m.	BREAKFAST	LUNCH	SUPPER	BETWEEN MEAL SUPPLEMENTS a.m.	p.m.	BREAKFAST	LUNCH	SUPPER	BETWEEN MEAL SUPPLEMENTS a.m.	p.m.
1	70	60					4								
2	68	68					4					1			
3	X	X													
4	X	X													
5	68	68					4								
6	69	69					4								
7	70	70					4					2			
8	65	70					4								
9	65	70					4								
10	X	X													
11	X	X													
12	67	68					4								
13	70	70					4								
14	69	69					4								
15	68	69					4								
16	70	70					4					1			
17	X	X													
18	X	X													
19	70	70					4								
20	69	69					4								
21	68	68					4								
22	69	69					4								
23	70	70					4								
24	X	X													
25	X	X													
26	68	69					4								
27	70	70					4								
28	70	70					4								
29	70	70					4								
30	67	69					4								
31	—	—													
TOTAL	1510	1515					88					4			

KDE/MIC Approved
7300-485 Rev 9/81

EXAMPLE:

Jack & Jill Child Care documented the following income and costs for October:

Income to Program		Report on Claim	
Children's Payments for Meals	$ 0	Item 25	
Program Adults' Payments for Meals .	0	Item 26	
Federal Monies (other than USDA Reimb.) used to pay food program costs . .	0	Item 27	
Other Monies from state and local sources (other than USDA Reimb.) used to pay food program costs . .	0	Item 28	
Total Income to Program	$ 0	Item 29	

Documented allowable expenditures for food service reported during the month of October

Food Used			
Beginning Monthly Inventory	$ 71.50		
All Food and Milk Purchased	883.00		
Cost of Obtaining Food	20.00		
Total Food Available	$ 974.50		
Value of Ending Inventory	- 53.50		
Cost of Food & Milk USED during month	$ 921.00	Item 30	921
Food Program Labor			
Cook's Salary	$ 448.00		
Janitor	61.60		
2 Supervisors	184.80		
Total Labor	$ 694.40	Item 31	694
Nonfood Supplies			
Napkins, Detergent, Straws	$ 80.00	Item 32	80
Depreciation of Equipment			
Not Claiming	$ 0	Item 33	
Purchased Services			
Refrigerator Repair	$ 25.00		
Utilities	100.00		
Total	$ 125.00	Item 34	125
Food Program Admin. Cost			
Director's Salary	$ 110.00		
Secretary	30.80		
Mileage	12.00		
Total	$ 152.80	Item 35	153
Total Operating Cost	$1973.00	Item 36	1973

SECTION 17
Form 17-5
Revised 9/79

CHILD CARE FOOD PROGRAM

REPORT AND CLAIM FOR REIMBURSEMENT

KENTUCKY DEPARTMENT OF EDUCATION
DIVISION OF SCHOOL FOOD SERVICES

502 2745631 037 240 999

Jack & Jill Child Care Center
1206 Seventh Street
Frankfort, Ky. 40601

CLAIM PERIOD COVERED	NO. SITES	TOTAL DAYS FOOD WAS SERVED DURING MO. REPORTED	AVERAGE DAILY ATTENDANCE
10 8/	1	29	69
(2)	(3)	(4)	(5)

REIMBURSEMENT RATE LEVELS FOR CHILDREN IN MEMBERSHIP

NO. APPROVED FOR FREE MEALS (6)	NO. APPROVED FOR REDUCED PRICE MEALS (7)	NO. APPROVED FOR PAID MEALS (8)	MEMBERSHIP (9)
35	10	25	70

FOOD SERVICE BY TYPE TO CHILDREN ONLY
(Total number of meals served)

10. Breakfast		1510
11. Lunch		1515
12. Supper		
13. Supplement		
14. Total		3025

FOOD SERVICE BY TYPE TO ADULTS ONLY
(Total number of meals served)

	Adults Working in Program		All Other Adults
15.		Breakfast 20.	
16.	88	Lunch 21.	4
17.		Supper 22.	
18.		Supplement 23.	
19.	88	Total 24.	4

INCOME TO FOOD PROGRAM
Funds Received During Month (Round to nearest dollar, DO NOT use CENTS)

25. Children's Payments for meals (only if separate charge is made)	
26. Adults' Payments for meals (Program Adults ONLY) if a charge is made	
27. Federal monies (other than USDA Reimbursement) used to pay food program costs	
28. Other monies from state and local sources (other than USDA Reimbursement) used to pay food program costs	
29. Total	

PROGRAM OPERATING COSTS
(Round to nearest dollar, DO NOT use CENTS)

30. Cost of food used during month	921
31. Program Labor (Wages for days worked during month)	694
32. Purchases of non-food supplies and expendable kitchen equipment	80
33. Depreciation of non-expendable equipment	
34. Purchased services	125
35. Program Administrative Costs	153
36. Total	1973

I CERTIFY THAT THE INFORMATION ON THIS VOUCHER IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, THAT RECORDS ARE AVAILABLE TO SUPPORT THIS VOUCHER: THAT IT IS IN ACCORDANCE WITH THE TERMS OF EXISTING AGREEMENT AND THAT PAYMENT THEREFOR HAS NOT BEEN RECEIVED. I UNDERSTAND THAT THIS INFORMATION IS BEING GIVEN IN CONNECTION WITH THE RECEIPT OF FEDERAL FUNDS AND THAT DELIBERATE MISREPRESENTATION MAY SUBJECT ME TO PROSECUTION UNDER APPLICABLE STATE AND FEDERAL CRIMINAL STATUTES.

SIGNATURE OF SPONSOR REPRESENTATIVE	TITLE	DATE	Phone No. of Person Preparing Claim
Jane Smith	Director	11/4/81	274-5631

PROCEDURE FOR CALCULATING REIMBURSEMENT

Jack & Jill Child Care Center operated 22 days in October and had 70 children enrolled in membership. They served 1510 breakfasts and 1515 lunches to enrolled children; 88 lunches to Program Adults and 4 lunches to Other Adults.

EXAMPLE 1 - Claiming Percentage Method

REIMBURSEMENT RATE LEVELS FOR CHILDREN IN MEMBERSHIP

NO. APPROVED FOR FREE MEALS	NO. APPROVED FOR REDUCED PRICE MEALS	NO. APPROVED FOR PAID MEALS	MEMBERSHIP
35	10	25	70

Step 1 - Determination of percentage of free, reduced, paid.

35 ÷ 70 = .50 or 50 % free
10 ÷ 70 = .14 or 14 % reduced price
25 ÷ 70 = .36 or 36 % paid

Step 2 - Calculation of reimbursement

Sponsor served 1510 breakfasts.

.50 x 1510 = 755 x .5700 (free rate) = $ 430.35
.14 x 1510 = 211 x .2850 (reduced rate) = $ 60.14
.36 x 1510 = 544 x .0825 (paid rate) = $ 44.88

Sponsor served 1515 lunches.

.50 x 1515 = 758 x 1.2025 (free rate) = $ 911.50
.14 x 1515 = 212 x .8025 (reduced rate) = $ 170.13
.36 x 1515 = 545 x .2150 (paid rate) = $ 117.18

TOTAL MAXIMUM REIMBURSEMENT USING CLAIMING PERCENTAGE $ 1734.18

Total program payments to a sponsor for program costs shall not exceed the lesser of (1) rates times meals by type actually served to enrolled children, or (2) actual program costs minus income.

1. Total Maximum Reimbursement $1734.00

OR

2. Total Operating Cost $1973.00
   Less Other Adult Meals - 5.00
   $1968.00

Therefore, Jack & Jill Child Care receives $1734 reimbursement for October.

EXAMPLE 2 - Tiering Method

REIMBURSEMENT RATE LEVELS FOR CHILDREN IN MEMBERSHIP

NO. APPROVED FOR FREE MEALS	NO. APPROVED FOR REDUCED PRICE MEALS	NO. APPROVED FOR PAID MEALS	MEMBERSHIP
35	10	25	70

Step 1 - Determination of percentage of free, reduced, paid.

35 ÷ 70 = .50 or 50 % free
10 ÷ 70 = .14 or 14 % reduced price
25 ÷ 70 = .36 or 36 % paid

Step 2 - Determination of tier.

50 % free
+ 14 % reduced
64 % free & reduced = Tier 2

Step 3 - Calculation of reimbursement.

1510 breakfasts x .2850 (R.P rate) = $ 430.35
1515 lunches x .8025 (R.P. rate) = $ 1215.79

TOTAL MAXIMUM REIMBURSEMENT USING TIERING $ 1646.14

Total program payments to a sponsor for program costs shall not exceed the lesser of (1) rates times meals by type actually served to enrolled children or (2) actual program costs minus income.

1. Total Maximum Reimbursement $1646.00

OR

2. Total Operating Cost $1973.00
   Less Other Adult Meals - 5.00
   $1968.00

Therefore, Jack & Jill Child Care receives $1646 reimbursement for October.

Enrollment

An enrollment card for each child, including drop-ins, must be on file at the site. All enrolled children must be reported in membership on the Report and Claim for Reimbursement. Sponsors must maintain a list of enrolled children. This list must be kept current by updating withdrawals and additions.

Meal Count

Attendance records and enrollment cards ARE NOT to be used as documentation for the number of meals reported as served to children. An actual count of meals served at each meal service must be made, documented and maintained on file. Sponsors must record this count on the "Record of Meals Served", Form 17-9, provided by the State Agency. In the event the sponsor's supply of this form is depleted, all appropriate information contained on Form 17-9 should be maintained on another form until a supply of this form can be secured from the State Agency.

Limitation on Meal Service

Reimbursement may not be claimed for more than 2 meals and 1 supplement per child per day. Sponsors must have a system in place to insure that this meal limitation is adhered to.

Free/Reduced Price Applications

Sponsoring organizations must have on file free/reduced price information for every child reported as eligible for free and reduced price meals. This information must include the following:

1. Name of child
2. Name and social security number of household members
3. Total number in household
4. Household income
5. Signature of parent/guardian, and date
6. Signature of sponsor official approving application, and date

An active and inactive file of free/reduced price applications must be maintained. The inactive file should include date of withdrawal.

Menu & Production Records

Menu & Production Records, in the simplest terms, is the recording of the menu, amount prepared and the number of children and adults served. These records must be maintained and kept on file.

Reimbursement

Maximum reimbursement is calculated on the number of meals served to children - never on adult meals.

Program Adult Meals

There is never any reimbursement calculated on meals served to adults. Meals provided by a sponsor to persons working in the food program are counted and recorded as program adult meals. The sponsor does not receive any reimbursement for these meals, but the cost of such meals is not subtracted from total operating cost as is done for other adult meals. Even though the cost of meals served to program adults is an allowable cost, that cost, or a portion of that cost, will be recovered by the sponsor only if total operating cost does not exceed maximum reimbursement.

Other Adult Meals

There is never any reimbursement calculated on meals served to adults. Meals served to adults who do not work in the food program are counted and recorded as other adults. Since the cost of other adult meals is NOT an allowable program cost, the free rate for that meal type is subtracted from total operating cost before maximum reimbursement and total operating costs are compared.

Operating costs listed in this Financial Management Guide apply only to child care centers and outside-school-hours centers. Operating costs are not applicable to day care homes.

See pages 4 and 5 for allowable administrative costs.

1. Administrative Reimbursement

Administrative costs payments to a sponsoring organization may not exceed the lesser of: (a) actual expenditures for the cost of administering the program, less income to the program; (b) the amount of administrative costs approved by the State Agency; or (c) the sum of the products obtained by multiplying each month the sponsoring organization's:

initial 25 homes by $53,
next 50 homes by $41,
additional homes by $35.

Administrative rates will be adjusted January 1, 1982. Administrative reimbursement for the fiscal year may not exceed 30% of the total of administrative and operating reimbursement.

NOTE - Sponsoring organizations are not permitted to collect a fee from day care homes for administrative services.

2. Home Reimbursement

All meals of each type served in family day care homes will be reimbursed at a single rate for the meal type. Effective Sept. 1, 1981 through June 30, 1982, the rates will be:

Breakfast	.4775
Lunch/Supper	.9350
Supplement	.2800

Effective October 1, 1981, the age limit for participation in family day care homes will be reduced to 12 years of age; except that for children of migrant workers the age limit is 15 years, and for handicapped children there is no age limit. Therefore, reimbursement may be claimed only for meals of children who fall within the prescribed age limits. Effective September 1, 1981, reimbursement may not be made to any sponsor for more than two meals and one supplement per child per day.

Family day care home providers may claim meals served to their own children only if:

1. enrolled children who live outside the provider's home are also served that meal,

2. their children are a part of the organized day care program and are included in the number of children counted for the license capacity, and

3. effective January 1, 1982, family-size and income information is secured in order to document that such children are eligible for free or reduced price meals.

C. Advance Payments

Regulations governing the Child Care Food Program provide for advance payments to participating institutions. "Advance payment" means financial assistance made available to an institution for its program costs prior to the month in which such costs will be incurred. The intent of this provision is to improve cash-flow benefits to sponsoring organizations and day care homes.

Each sponsoring organization electing to receive advance payments for day care homes may disburse such payments to each of the operating homes under its jurisdiction immediately upon receipt from the State Agency, but shall disburse such payments to each home not later than the fifth working day following receipt of the home's records for the month for which the advance is payable.

Advance payments are available October 1, 1981 and November 1, 1981 to those sponsors who request such payments by September 15, 1981.

Sponsors have the option to receive (1) no advance payments, (2) partial (50%) advance payments, or (3) full advance payments.

October and November advance payments will be recovered gradually during the last quarter of FY'82. If advance funds are left unrecovered after the September 1982 claim has been processed, the sponsor is then placed in the position of refunding any over-advance payment to the State Agency.

Records to be kept by Sponsoring Organization

1. Copies of all documents approved by the State Agency
2. Documentation of the enrollment of each child at each day care home
3. Daily records indicating the number of children in attendance and the number of meals, by type, served to enrolled children
4. Copies of invoices, receipts, or other records to document (a) administrative costs claimed and (b) income to the program
5. Copies of all claims for reimbursement submitted to the State Agency
6. Records of all program payments received from the State Agency
7. Copies of menus
8. Information on training sessions including dates, location, topics presented, and names of participants
9. Documentation of pre-approval visits and reviews
10. Effective January 1, 1982, family-size and income information to document free/reduced price eligibility of provider's own children, if children are part of the organized day care and are included in the number of children counted for the license capacity.

Records to be kept by Family Day Care Home

1. Daily menus and amounts served
2. Daily number of children in attendance

3. Daily number of meals, by type, served to enrolled children
4. Enrollment card on each child (including drop-ins)

Home Provisions

Family Day Care Homes must:

1. Be licensed by the Department for Human Resources to provide day care services
2. Operate under the auspices of a sponsoring organization
3. Meet meal pattern requirements prescribed by USDA

Agreement between Sponsoring Organization and Family Day Care Home

The sponsoring organization must enter into a standard agreement with each home provider under its jurisdiction to specify the rights and responsibilities of both parties. (The Agreement will be furnished by the State Agency.)

NOTE - For program purposes, home providers are not required to maintain cost records.

DEFINITIONS

Program - means the Child Care Food Program.

Financial Management - is that aspect of management of the Child Care Food Program that allows control over, and accountability for, all funds to assure that they are used efficiently.

Age Limit for Participation - The age limit for participation in the Child Care Food Program is reduced to 12 years; except that for children of migrant workers the age limit is 15 years, and for handicapped children there is no age limit. Handicapped persons over 12 years of age would be eligible to participate only in a center or home where the majority of the enrollees meet the age limit.

Enrolled Child - means a child whose parent or guardian has submitted to an institution a signed document which indicates that the child is enrolled for child care.

Program Adults - means persons other than children who are served meals in a child care facility and who perform necessary on-site program labor.

Non-Program Adults (Other Adults) - means persons other than children who are served meals in child care facilities and who do not perform necessary on-site program labor.

Income Guidelines - means the family-size and income standards prescribed annually by the State, on the basis of the Secretary's Guidelines for Determining Eligibility for Free and Reduced Price Meals under the National School Lunch Program and the School Breakfast Program.

Fiscal Year - means a period of 12 calendar months beginning October 1 of any year and ending September 30 of the following year.

Food Service Management Company - means an organization, other than a public or private nonprofit school, with which an institution may contract for preparing and, unless otherwise provided for, delivering meals, with or without milk for use in the Program.

Administrative Costs - means costs incurred by an institution related to planning, organizing, and managing a food service under the Program and allowed by the State Agency financial management instruction.

Operating Costs - means expenses incurred by an instituion in serving meals to children under the Program and allowed by the State Agency financial management instruction.

Advance Payments - means financial assistance made available to an institution for its Program costs prior to the month in which such costs will be incurred.

See Part 226.2 of the Child Care Food Program regulations (pages 22-25) for additional definitions.

Attach
Cash Register Tape
Here

EXHIBIT A

SAMPLE

KENTUCKY DEPARTMENT OF EDUCATION
PURCHASING RECORD -- CHILD CARE CENTER
To be used by small centers in lieu of
maintaining an inventory

Name of Center _____ Date _____
Mo. Day Yr.

Food Items to be Purchased	Cost
	$

Non Food Supplies to be Purchased

Non-Allowable Costs		Allowable Costs
$_____	_____	$_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Allowable Cost $_____
(Carry Forward to Front Page)

MENU AND FOOD PRODUCTION RECORD

Name of Site _____ Month____Day____Year____

Menu Item	Menu & Portion Size	Est. Number to be served	Amt. of Food Prepared	No. Actually Served	Amt. Food Left Over and Other Comments
Breakfast Milk Fruit/Veg./Juice Bread				Children Adults	
A.M. Supplement Milk Protein Fruit/Veg./Juice Bread				Children Adults	
Lunch Milk Protein Fruit/Vegetable Bread Other				Children Adults	
P.M. Supplement Milk Protein Fruit/Veg./Juice Bread				Children Adults	
Supper Milk Protein Fruit/Vegetable Bread Other				Children Adults	

EXHIBIT B

Kentucky - Child Care Food Program FY '82

Date _____

I, _____ representing the _____ have read the Financial Management Guide and am aware of the necessity of following these guidelines in administering the Child Care Food Program for Children. This guide will become a part of the approved Agreement and Application and should be filed with same.

Kentucky - Child Care Food Program FY '82

Date _____

I, _____ representing the

_____ have read the

Financial Management Guide and am aware of the necessity of following these guidelines in administering the Child Care Food Program for Children. This guide will become a part of the approved Agreement and Application and should be filed with same.